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TAGS: [ETRD](#) [WTRO](#) [ECON](#) [PGOV](#) [UP](#)
SUBJECT: 11/30 UKRAINE WTO UPDATE

REF: A. THORBURN-MOLNAR EMAIL OF 11/30

- [1](#)B. KLEIN-KRAMER EMAIL OF 11/27
- [1](#)C. KYIV 4315
- [1](#)D. KYIV 4304
- [1](#)E. KYIV 4237
- [1](#)F. KYIV 4183

Classified By: DEPUTY CHIEF OF MISSION, FOR REASONS 1.4 (B) AND (D)

[1](#)1. (SBU) Summary: Ukraine's Parliament continued its progress on outstanding legislation for WTO accession during this week, adopting five additional laws, four of which related to the agricultural sector. Parliament has now adopted 17 out of the 21 required laws. On the eve of PM Yanukovych's visit to Washington, the GOU appears very committed to accession, and a bit anxious for affirmation that the USG is not trying to synchronize its accession with Russia's. This week's movement on agriculture-related legislation highlights the GOU's seriousness on WTO, and upcoming meetings in Washington should help focus Ukrainian officials on how to address outstanding issues. End Summary.

[1](#)2. (U) This is the latest edition in a series of regular update cables regarding the status of Ukraine's WTO accession (refs D-F).

Outstanding WTO-related Legislation

[1](#)3. (U) During the summer, Ukraine had identified 21 pieces of legislation and 6 Cabinet resolutions that they believe are necessary to meet outstanding commitments to WTO members and to bring the country fully in line with WTO rules. Voting on several of these laws continued during the week of November [1](#)27. Parliament adopted (in final reading) five of the laws:
-- "On the Export Duty on Waste of Ferrous Metals" (to reduce export duty rates);
-- "On State Support of Agriculture" (to regulate import-export transactions and clarify terminology);
-- "On Milk and Dairy Products" (to eliminate export subsidies for milk and dairy products);
-- "On State Regulation of the Production and Sale of Sugar" (to eliminate export quotas type B and C from regulation mechanisms);
-- "On Tariff Rate Quota for Raw Cane Sugar Imports" (to introduce an annual tariff quota in the amount of 260,000 tons for raw cane sugar).

[1](#)4. (U) All of the laws passed by large margins. To date, Ukraine's parliament has adopted 17 of the 21 WTO-related

laws. Parliament passed an additional law in the first reading on November 29 -- "On the Export Duty on Scrap of Ferrous and Non-Ferrous Metals and Alloyed Steel" (to replace the export ban on scrap metals with an export duty). An additional two draft laws -- one on the taxation of agricultural enterprises and the other on motor vehicle imports -- have been submitted to the parliament but have not yet gone to the first reading. One WTO-related law, to create a framework for the use of biotechnology products, has not yet been submitted -- the Cabinet of Ministers has tasked the Ministries of Agriculture and Health to draft. Post will send an updated legislation tracker to EUR/UMB via email.

¶5. (SBU) Socialist MP Vitaliy Shibko, Chairman of Parliament's Foreign Policy Committee, confirmed to Econ Counselor on November 22 that Parliament was fully committed to passing as much legislation as possible before PM Viktor Yanukovych's upcoming visit to Washington. Shibko commented that Ukraine had, in effect, already made the decision to join the WTO and now was turning its attention to helping domestic industry face the increased competition that would result.

¶6. (C) Some domestic lobbies will continue to fight, however. Taniel Vasadze, a Yulia Tymoshenko Bloc MP who doubles as the Honorary President of the Ukrainian Automobile Corporation, told Econ Counselor on November 21 that he was advocating for 3-5 year transition periods for Ukrainian commitments made in "critical sectors" -- not surprisingly to include automobile manufacturing. Econ Counselor cautioned that trying to insert any such transition periods could reopen the entire negotiation process and sabotage Ukraine's accession. Vasadze replied that his party understood that it could not oppose the WTO legislation, but lamented the agreements made by prior Ukrainian governments and argued

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that the Russians had gotten a better "deal" in its bilateral with the United States.

Concerns about Russia

¶7. (C) Vasadze's comments echoed some media commentary following the recent signing of the U.S.-Russia bilateral agreement, when several Russian officials claimed that they had secured a "better" deal than Ukraine. Ministry of Foreign Affairs Second Territorial Directorate head Anatoliy Ponomarenko (protect) asked DCM on November 24 regarding the terms of the U.S.-Russian bilateral and asked for confirmation that the USG was not seeking to synchronize Ukrainian and Russian accession. (Note: Ponomarenko asked that we be very careful not/not to link this inquiry to MFA in any conversations we might have on these two issues with the PM or his staff. End Note.) Drawing on information provided in ref B, DCM and Econ Counselor reassured the GOU that the USG wanted both Russia and Ukraine to joint but was in no way attempting to synchronize the accessions. Econ Counselor also explained that the two countries' bilateral agreements with the United States reflected different trade interests, but stressed the U.S. bilateral largely reflected Ukraine's offer, which dated back to the Kuchma administration.

¶8. (SBU) Deputy Minister of Economy and lead WTO negotiator Valeriy Pyatnytskiy expressed his concern to Econ Counselor on November 29 on the need to move forward quickly. Pyatnytskiy said he had recently completed discussions with EU reps and was interested in working out remaining issues with U.S. officials as soon as possible. Pyatnytskiy's Deputy, Vyacheslav Tsymbal, and Vladimir Gurzhiyev, Deputy Chief of the Veterinary Service, met with Ag Attache on November 30 to underscore their desire for face-to-face meetings in Washington to discuss veterinary-related legislation as well as beef and pork certificates (ref A).

19. (SBU) Parliamentary leaders had promised to make quick work of the WTO laws when taking up their consideration just over a month ago, and Parliament has kept its word. While Working Party members will want to ensure that the versions of the laws passed meet their expectations and WTO rules, Ukraine is approaching the end of its work on the legislative front. Adoption of four agriculture-related laws this week was particularly significant, as political leaders have repeatedly stressed that they view the agricultural sector as most sensitive. PM Yanukovich commented on November 30 that Ukraine should be looking to adapt "the mechanisms of (agricultural) support to World Trade Organization standards," further signaling that the GOU is serious about moving forward on the most sensitive issues required for WTO accession. Upcoming meetings in Washington with Ukrainian officials will be an opportunity to help focus the GOU on how to reach the WTO finish line.

Taylor